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GOVERNMENT AND ADMINISTRATION

Devolution Legislation

Legislation to establish elected Scottish and Welsh assemblies with powers over a range of domestic affairs has been passed by Parliament. Referendums will be held to obtain the approval of the electorates in Scotland and Wales before the assemblies can be set up.

The Scotland Act and the Wales Act

The Scotland Act and the Wales Act received the Royal Assent on 31 July. Their main provisions were outlined in *Survey of Current Affairs* in December 1977 (see pp 452-7, 1977). The principal amendments made during their passage through Parliament are outlined below.

Changes were made to the arrangements for the referendums which must be held in Scotland and Wales to obtain the electorates' approval before the assemblies are set up. The referendums cannot now be held until at least six weeks after the Government has laid Orders for them to take place and, if Parliament is dissolved before the referendums have been held, they cannot then be held until at least three months after the date of the election. The referendums are subject to an affirmative vote of at least 40 per cent of the electorate (not simply of those who actually vote); if the 40 per cent is not achieved, the appropriate Secretary of State must lay an Order for the repeal of the legislation.

A further provision in the Scotland Act concerns the right of Scottish MPs to vote on English matters in the House of Commons. It provides that, where the votes of Scottish MPs are decisive in securing a majority at the second reading of a Bill relating to a purely English matter, the vote must be repeated 14 sitting days later. This section, however, will not come into effect until it has been confirmed by affirmative resolution of the House of Commons.

Reserved (Excluded) Functions

Additional matters have been excluded from the competence of the two assemblies. Forestry and betting and gaming are now excluded from both assemblies, and abortion and some aspects of road service licensing are excluded from the Scottish Assembly. The timing of transfer of responsibility for inland waterways is in each case to depend on a request from the Scottish or Welsh administration.

Orkney and Shetland

A series of amendments to the plans for Scotland concern the Orkney and Shetland Islands. If Scotland as a whole votes in favour of devolution at the referendum, a commission will be set up to look into the government of the Islands. The power of Parliament to override legislation passed by the Scottish Assembly relating to Orkney and Shetland has been extended.

Britain's Overseas Representation

The future of Britain's system of overseas representation is discussed in a White Paper[1] published on 2 August. A number of changes and new guidelines are proposed so as to build on that which is 'already good, efficient and of proven value; yet also to establish a pattern capable of adapting to the future on the basis of a realistic but confident assessment of Britain's role in the world'. There is to be greater interchange between the Diplomatic Service and the Home Civil Service, and 'mini-missions' will be introduced in countries where British interests are limited. Reviews are to be undertaken into the long-term manpower needs of the Diplomatic Service, the role and structure of the British Council, and the foreign language broadcasting services of the BBC.

Britain's Interests and Objectives Overseas

The White Paper begins by stating that the 'geographical and economic facts of life make it inevitable that today, as in previous centuries, British interests should extend round the world'. The Government believes that Britain has the assets to defend its interests and effectively to promote its objectives. These include its economic and military strength; its historical ties with many members of the international community; the binding force of the English language; its unquestioned standing in the arts and science and its contribution to the world's cultural heritage; the example of British values and the country's democratic way of life;

[1] *The United Kingdom's Overseas Representation*. Cmnd 7308. HMSO, £1·35. ISBN 0 10 173080 2.

but above all the influence which it derives from co-operative and co-ordinated action with its partners in democracy. Politically, too, the position Britain occupies in the principal areas of international affairs gives it a 'more than adequate springboard' for an imaginative and effective foreign policy, and Britain's resources can support the system of overseas representation which such a foreign policy entails.

Britain's objectives overseas are defined as follows:

1 to safeguard the country's security;

2 to promote its prosperity;

3 to uphold and extend the basic values and freedoms of its democracy;

4 to honour its commitments and obligations;

5 to work for a peaceful and just world; and

6 to contribute to the achievement of these objectives by providing assistance to developing countries.

Economic matters, says the White Paper, are inextricably part of British foreign policy. Britain imports half its food and more than half of its raw materials. Its needs and interests as a trading nation will, for the foreseeable future, inevitably continue to be a decisive influence on its foreign policy. The importance of economic and commercial activity is stressed by the Government: Britain's overseas representation must be geared to the promotion of its economic interests and export opportunities, but this does not mean that export promotion should be a pre-eminent requirement of overseas representation in all countries of the world. The parallel importance of Britain's security and political interests must also be taken into account. The standing of Britain in the eyes of the world, the Government believes, is bound up with its stand on human rights, on how far it can make its values – political, social and cultural – understood. Britain's interests, therefore, cannot be confined either generally, or in any one country, to economic or export considerations alone. The relevance of Britain's objectives will vary from country to country and over time. The aim is to focus resources on those countries where Britain's interests are greatest and where efforts will pay the greatest dividends. Nevertheless, there is a sense in which the pursuit of economic objectives takes precedence over all others. Britain's ability to safeguard its security, to be a reliable ally in the North Atlantic Treaty Organisation, to be a constructive partner in the European Community and the Commonwealth, to honour its international commitments and obligations, and to contribute to the building of a peaceful, just and prosperous world, depends in the last resort on its economic strength.

The Future Pattern of Britain's Overseas Representation

It is essential, says the White Paper, that the basic aims of British foreign policy should be supported and understood by the people of Britain. This is why the Government, in support of its overall objective of providing a more open and accessible administration, is making a special effort to explain publicly the objectives of its foreign policy. This is done in Parliament, through the news media and in many international bodies.

The core of the Government's approach to the whole issue of overseas representation is that it must, as far as possible, reflect British society – its attitudes, style, values, interests and concerns. It is recognised that a number of organisational and structural changes will be necessary. In reaching its decisions the Government has carefully considered the detailed analysis and recommendations contained in the report of the Central Policy Review Staff (CPRS – see pp 298-9, 1977); and the reports of the Select Committee on Overseas Development,[1] the General Sub-committee of the Expenditure Committee of the House of Commons,[2] and the Defence and External Affairs Sub-committee of the Expenditure Committee.[3] An annex to the White Paper sets out responses to the specific recommendations of the CPRS and the Defence and External Affairs Sub-committee.

The Government has identified five major and overlapping areas in which reforms will be introduced and new guidelines laid down. The aims are:

1 to increase specialised knowledge in Britain's overseas representation;

2 to build a closer working relationship between the Diplomatic Service and the Home Civil Service;

3 to improve the co-ordination of Britain's overseas representation, and of the resources devoted to it, both in Whitehall and abroad;

4 to have a Diplomatic Service fully responsive to government and British society; and

5 to maintain a wide but cost-effective system of residential representation overseas.

Interchange and Expertise

The White Paper says that many members of the Home Civil and Diplomatic Services have a great deal in common but that this does not mean they should be merged into a single Service which would tend to isolate both the management and the policy direction of staff engaged on the external work of home departments from the domestic aspects of the same work. The Government has decided to make no change in the present balance of ministerial and departmental responsibilities but to respond to the growing integration of domestic and external policies by increasing substantially the interchange between the Home Civil Service and the Diplomatic Service. After careful consideration the Government has rejected the recommendation of the CPRS that the Diplomatic Service and the Home Civil Service should be integrated to form a Foreign Service Group; it considers that the alternative of interchange has the merit of preserving the flexibility of a small, efficiently-run and professional Diplomatic Service. Language specialisation and

[1] *Trade and Aid. First Report from the Select Committee on Overseas Development. Session 1977-78.* HMSO, £1·10. ISBN 0 10 212578 3.

[2] *The Civil Service. Eleventh Report from the Expenditure Committee. Session 1976-77.* HMSO, £1·60. ISBN 0 10 297477 2.

[3] *The Central Policy Review Staff Review of Overseas Representation. Fourth Report from the Expenditure Committee. Session 1977-78.* HMSO, £2·10. ISBN 0 10 283678 7.

other skills acquired within the Diplomatic Service could easily suffer from integration. The Home Civil Service should benefit from interchange as much as the Diplomatic Service. There is no intrinsic reason, says the White Paper, why members of the Home Civil Service should not become ambassadors, and senior members of the Diplomatic Service occupy equivalent positions in home departments. These considerations apply with particular force to export promotion.

The Diplomatic Service

Export promotion and commercial work have become increasingly integrated into the duties of the Diplomatic Service, in addition to the major operational changes which have taken place to take account, for example, of Britain's membership of more than 120 international bodies, not least the European Community. Recruitment to the Service has also changed over the last generation and now comes from a much broader base of British society. There is a continuing need to adapt to changing circumstances. Those who represent Britain overseas, says the White Paper, must expect to find their activities subjected to greater publicity and to greater scrutiny on the part of the public and Parliament. The requirement to serve abroad carries with it the risk of members of the Diplomatic Service becoming distant from the attitudes of the British Government and people. The risk of losing touch has been compounded by the profound and rapid changes which have taken place in the last 30 years in British society, in Britain's place in the world and in international affairs generally. Frequently a dilemma arises in the need to balance a style of representation appropriate to Britain in the last quarter of the twentieth century with one which will help promote British influence and interests in the host country. The Diplomatic Service has high morale and traditions of which it is justifiably proud; these are national assets, the Government believes, which it would be foolish to discard or underestimate.

A World-wide System of Representation

The White Paper says that the nature of international relations and of British interests in the world is such that there is now a greater need for effective overseas representation. Because Britain's power as an individual nation has diminished, while its interests remain global, Britain's future is more dependent than ever on the skills of those who represent it abroad. There can, therefore, be no question of deliberately reducing the calibre of those recruited for service overseas. Arguing against the closure of overseas missions, the White Paper says that none of Britain's main industrial partners spends less than Britain on overseas representation; there are at present 222 British posts abroad, which is broadly in line with the number of posts maintained by comparable countries. However, there is room for economies and the more flexible and cost-effective use of resources. The introduction of 'mini-missions' is seen as a way of providing useful representation at minimum cost. This is now being done in certain countries where Britain's interests are real but limited.

Research Work

The role of the Research Department of the Foreign and Commonwealth Office has been reviewed in the light of certain recommendations of the CPRS, and the Government is satisfied that the high quality of its work should continue. Economies are to be made, however, and its establishment will be cut.

Information Work

Overseas information work is an area where it is notoriously difficult to quantify results, says the White Paper. The information services of the Foreign and Commonwealth Office and the Central Office of Information are designed to defend and promote overseas the current policies of the Government, including the whole range of export activities. The British Overseas Trade Board and others have stated that the creation of the right climate of opinion overseas about the British economy contributes to exports. The Government is determined to maintain the effectiveness of the information effort, especially in priority areas such as trade. However, as a result of a detailed review in overseas posts of the information effort, reductions in staff will shortly be implemented.

Export Services

The Government has decided that the present structure and organisation of export services, over which the British Overseas Trade Board exercises strategic control, are broadly satisfactory. The White Paper describes the services provided by the Board and refers to the improvements recently introduced by the Department of Trade in the co-ordination of export promotion services. Market and product concentration is already part of the practice of these services, and the Government agrees with the Defence and External Affairs Sub-committee that export services are most effective when they support and augment activities which firms or sectors of industry believe to be in their commercial interest.

Educational and Cultural Work

The value of educational and cultural work cannot be quantified, continues the White Paper, but the Government believes that it plays a 'distinctive and valuable' role in projecting Britain abroad, in furthering relationships with other countries and in stimulating the use of the English language. The Government does not accept the recommendation of the CPRS that the British Council should be abolished, but considers that closer co-ordination is required with the Foreign and Commonwealth Office, with the Ministry of Overseas Development and the education departments and that the Council's valuable contribution in the field of educational aid should be implemented fully within the scope of aid policies.

BBC External Services

The Government agrees that the nation benefits from the unique reputation of the BBC's External Services as a well-informed and unbiased source of world news and comment and from the attention

which is paid to the information they provide about Britain and British policies. Their independence from the Government means that they can be more effective and influential than the Government's own information service. The World Service in English will continue for 24 hours a day; to abandon a round-the-clock service, states the White Paper, would damage Britain's national interests out of proportion to any financial saving. However, a review of services in other languages is being undertaken to examine ways of making the best use of resources, and planning has been authorised to maintain audibility.

Aid

About two-thirds of aid is disbursed direct to individual countries, the remainder indirectly through multilateral organisations. Bilateral programmes need to be carefully related to the circumstances of the recipient country, says the White Paper, and for this reason there is often justification for very small programmes despite their sometimes relatively high administrative costs. The Government accepts that a critical eye should be kept on this, especially in the light of the CPRS review.

Conclusions

Action arising out of the matters discussed above is summarised in the White Paper as follows:

1 There will be a programme of interchange between the Foreign and Commonwealth Office and 17 government departments. The programme will achieve 100 additional secondments in each direction over the next four or five years and will be supervised by ministers. The programme will be supplemented by short-term attachments and by the joint training of members of the Home Civil Service and Diplomatic Service. The Government will consider the feasibility of extending interchange to industry, commerce, banking and the trade unions.

2 An intensive review of training for Diplomatic Service commercial officers is nearing completion.

3 A system of wide but cost-effective representation overseas will be established with mini-missions in countries where British interests are limited. The Government will take steps to ensure that this does not lead to an increase in the number of higher grade posts.

4 Mini-missions apart, there is a clear need for further reductions in the size of posts. There will be a critical examination of the size and grading of missions.

5 Six subordinate posts will be closed and the closure of five more is under consideration. Reductions in the size of subordinate posts will also be considered.

6 The establishment of the Research Department in the Foreign and Commonwealth Office will be cut by 17 per cent from 110 to 91.

7 As a result of a post-by-post review, there will be a cut in information staff serving overseas of some 16·5 per cent (Diplomatic Service) and 10·5 per cent (locally engaged). Savings in the information departments of the Foreign and Commonwealth Office may follow, and further streamlining of some of the services provided by the Central Office of Information will be considered.

8 The Government aims to cut defence staff abroad by 25 per cent. The precise details will depend on a post-by-post review.

9 A detailed review of the long-term manpower needs of the Diplomatic Service has been set in hand. The emphasis of this review will be on flexible recruitment and retirement. A review of different forms of recruitment to the Diplomatic Service is in progress and will cover, among other things, short-term contracts. More flexible appointment procedures for senior grades are being considered, as is the phased introduction of annual leave to ensure that Diplomatic Service personnel serving abroad keep in touch with home departments, and are not absent from their posts for over-long periods because of accumulated leave.

10 There will be joint consultation and agreement between the Foreign and Commonwealth Office and the relevant home departments on the priorities, policies and resources to be deployed in any given country. This will be effected by means of jointly produced Country Assessment Papers. There will from time to time be major policy papers on external issues produced by the Foreign and Commonwealth Office in conjunction with the relevant home department.

11 The Government will publish two new series of papers: Foreign Policy Documents and Background Briefs. These will be designed to increase the flow of available public information about the formulation and conduct of foreign policy.

12 A country-by-country review has been put in hand to see how far separate British Council offices abroad can be merged with missions, on the presumption that mergers should be effected unless there are good reasons for the retention of separate establishments.

13 The British Council's role, structure and administration will be reviewed.

14 The Government is considering possible ways of rationalising education aid activities of the British Council, the Technical Education and Training Organisation for Overseas Countries and the Inter-University Council, and their relationship to the education departments and the Ministry of Overseas Development.

15 The BBC's world-wide service will be maintained on a 24-hour basis. All the foreign language services will be reviewed.

16 The Government has authorised planning to be undertaken to maintain audibility within the BBC's estimate of what it technically considers essential. The necessary capital investment programme is expected to cost some £20 million over the next five years.

17 Smaller aid programmes will be critically examined.

18 There will be a management review of the Ministry of Overseas Development.

Review of Prevention of Terrorism Legislation

In a review[1] of the prevention of terrorism legislation, Lord Shackleton[2] concludes that, while the threat of terrorism continues, the powers it contains cannot be dispensed with. He believes, however, that legislation of this kind should not have any degree of permanence without a continuing and careful scrutiny of its operation and its implications for civil liberties. He expresses doubt about some of the powers embodied in the legislation and makes recommendations on how others should operate.

Prevention of Terrorism Legislation

The review outlines the background to the legislation. The Prevention of Terrorism (Temporary Provisions) Act 1974 came into effect in November 1974 in the immediate aftermath of the bombing of two public houses in Birmingham, which resulted in a large number of deaths and injuries and which followed a series of terrorist attacks that had developed in Great Britain since 1972. Its provisions were directed primarily at Great Britain, similar measures having already been introduced in Northern Ireland. It proscribed the IRA and made display or support of it illegal; made it possible to make exclusion orders against persons involved in terrorism; gave the police powers to arrest and detain, within limits, suspected terrorists; and provided for security checks on travellers entering or leaving Great Britain and Northern Ireland. Because of their nature these powers were made subject to renewal at least once every six months. In 1976 the Prevention of Terrorism (Temporary Provisions) Act 1976 replaced the 1974 Act. It introduced two new provisions, one dealing with fund-raising and other activities furthering terrorism and the other with withholding information about acts of terrorism. The second Act was made subject to renewal at least every 12 months. When, in view of continuing terrorist activity over the preceding year, the Government proposed to Parliament in March 1977 that the Act should be further renewed, the Home Secretary said that, in view of concern about the working of the legislation, he would consider the need for an investigation into some of its aspects. Lord Shackleton was asked to undertake a review to assess the operation of the Act in December 1977 (see p 42) 'with particular regard to the effectiveness of the legislation and its effect on the liberties of the subject'.

Lord Shackleton's Review

Lord Shackleton says that, in carrying out his review, he was conscious of two sets of arguments – those emphasising the need for effective powers to deal with terrorism and those emphasising the need to preserve civil liberties. However, the reality of terrorist activity was the commission of criminal acts of extreme violence and, as a consequence, concepts of human rights might come increasingly under strain. Lord Shackleton examines each of the powers in the Act in turn, describes the operation of the legislation in Northern Ireland, where other measures also apply, and in Scotland, and makes specific comments and recommendations on its provisions.

Proscribed Organisations

Lord Shackleton says that, in the view of the police, the proscription of the IRA has not made more than a marginal contribution to the defeat of terrorism but that it would be a major affront to many people to legalise it. Without this power, feeling could have run high against the Irish community in Britain and, as a result of proscription, public displays and collections on behalf of the IRA have effectively ceased.

Exclusion Orders

An exclusion order may be made against a person concerned with terrorism who is not a United Kingdom citizen to prevent him from entering Great Britain, Northern Ireland or the United Kingdom. Lord Shackleton considers that this power can be justified only so long as it contributes significantly to the prevention of terrorism. From the cases which he has seen, he concludes that exclusion is making a significant contribution in this respect. He believes the basis on which the exclusion orders are at present made is satisfactory. He considers that the system under which representations against exclusion can be made to an independent adviser is a significant safeguard, and he sees no advantage in adopting any different procedure. The exclusion order power is not a judicial proceeding and is not intended as a punishment; Lord Shackleton accepts the impossibility of giving the excluded person the information against him, because of the risk to life, and damage to the flow of information which is so important in the fight against terrorism. He recognises, however, that in some cases serious hardship can be caused, and says that, the longer the Act continues, the greater the possibility that the circumstances of a particular case may change. He recommends that consideration be given to a general review of all exclusion order cases with a view to establishing whether there are any in which the order might with safety be revoked.

Information about Acts of Terrorism

The Act makes it an offence for a person who has information either about a forthcoming act of terrorism or about people involved in terrorism to fail without reasonable excuse to disclose that information. Lord Shackleton considers both the theoretical objections to this offence and also the doubts about the way it might be used in the course of interviewing someone. He concludes that the section has an 'unpleasant ring about it in terms of civil liberties' and recommends that it should be allowed to lapse in Great Britain.

[1] *Review of the Operation of the Prevention of Terrorism (Temporary Provisions) Acts 1974 and 1976 by the Rt Hon Lord Shackleton, KG, OBE.* Cmnd 7324. HMSO, £1·75. ISBN 0 10 173240 6.

[2] Lord Shackleton is a former Lord Privy Seal and Leader of the House of Lords.

Powers of Arrest and Detention

The Act contains powers of arrest and detention which enable the police to arrest without warrant a person suspected of involvement in terrorism and to detain such a person for up to 48 hours on their own authority. The Secretary of State has power to extend the period of detention for up to a further five days. Lord Shackleton recognises that these powers have serious implications in terms of civil liberties but concludes that they are regrettably necessary if the police are to be enabled adequately to prevent acts of terrorism. He considers, however, that steps might be taken to ameliorate the effects of detention under the Act, and recommends that more thought should be given to the physical needs of a person which may arise through being detained in police cells for an extended period. He also considers that there should be greater uniformity of practice in notifying a detained person of his rights while in custody and recommends that steps should be taken to ensure that the fullest possible records of interviews with a detained person are kept. He has examined in some detail questions relating to access to solicitors, and accepts that there can be no unconditional right of access but he would not expect the justification for withholding access to extend for a full seven days.

Controls at Ports

In Lord Shackleton's opinion, there is little need for the power to detain a person at a port for more than seven days (as is possible under the Supplemental Temporary Provisions Order made under the Act in 1976). He therefore recommends that this power be dropped. He further recommends that the power to detain a person for up to seven days at a port, at present exercised by the police alone, should be brought into line with that available at other places and that the police should be required to obtain the authority of the Secretary of State to detain a person for more than 48 hours at a port. Although some inconvenience results from the port controls to the travelling public as a whole or to people detained (and hardship in some cases), Lord Shackleton believes that the reasons for these controls are well understood and that they are working satisfactorily.

Statistics

Lord Shackleton says that, in assessing the value of the provisions of the Act, too much reliance should not be placed on available statistics. He suggests that the method of compiling and publishing statistics on the use of the Act could be examined to advantage, bearing in mind the need to ensure a regular and consistent flow of information.

Statement by Home Secretary

On the publication of Lord Shackleton's review the Home Secretary, Mr Merlyn Rees, said that the Government welcomed in principle his most useful report. His recommendations would be carefully considered with a view to announcing a detailed response as soon as possible.

St Lucia Constitutional Conference

The St Lucia Constitutional Conference met at Marlborough House, London, from 24 to 27 July under the chairmanship of Mr Edward Rowlands, Minister of State at the Foreign and Commonwealth Office. The St Lucian delegation included the representatives both of the St Lucia Government, led by Mr John Compton, Premier and Leader of the United Workers' Party, and of the Opposition Party, led by Mr Alan Louisy. The decision to convene the Conference had been reached during discussions in London in March between Mr Rowlands, Mr Compton and Mr Louisy. At these talks it had been agreed that the process of public consultation in St Lucia on the island's future political development would be consolidated and, as a part of this, that the Government of St Lucia would publish for public discussion a draft constitution for an independent St Lucia. The draft constitution was published in May and did not depart fundamentally from the existing constitution of St Lucia.

Conference Decisions

Substantial agreement was reached at the Conference on the provisions to be included in the independence constitution. A number of new features were introduced into the draft constitution. The most important of these – all of which were proposed by the Opposition – were the establishment of a Parliamentary Commissioner, an Electoral Commission and a Constituency Boundary Commission. However, two important issues remained unresolved. The St Lucia Government wished to maintain a monarchical constitution with the Queen as head of State, reporting that there had been no expression of popular opinion in St Lucia in favour of moving to republican status. The Opposition Party, on the other hand, reserved its opinion on this matter, doubting whether the St Lucian public had yet been adequately consulted or had expressed a clear view on the issue. Since, however, no substantial body of opinion had raised overt objection to the course proposed by the Government, the Conference proceeded on the basis that the monarchical system would be incorporated in the draft constitution until a contrary view were shown to exist.

The other major issue which remained unresolved concerned the proposal of the Opposition to introduce an elected senate. The Government of St Lucia was unwilling to depart substantially from the existing provision for the establishment of a senate made up of nominated members.

In his concluding address to the Conference on 27 July, Mr Rowlands commented that the proposed constitution contained satisfactory safeguards for fundamental rights and freedoms, and that it also contained provisions to ensure the maintenance of the rule of law. He expressed the hope that differences on matters of monarchy and senate could be resolved by the time the draft constitution

came to be considered in St Lucia. He expected the draft constitution to be sent to St Lucia by September and, in the light of the views then expressed by the Government, Opposition and people of St Lucia, the British Government would take appropriate action.

Background Information

St Lucia is the second largest of the Windward Islands in the Eastern Caribbean and has an area of 616·4 sq km (238 sq miles). The population of some 112,000 is mainly of African or mixed origin. The capital and main port of the island is Castries. The economy of St Lucia is primarily agricultural, with bananas accounting for over 80 per cent of all domestic exports. Other main crops include coconuts, cocoa, citrus fruits and spices. There is a limited amount of timber production and commercial fishing and there has been a steady increase in recent years in the rearing of livestock. St Lucia is currently pursuing a vigorous programme of industrial development, and recently established industries include a banana carton factory and a steel fabricating plant. In recent years tourism and the construction industry have been of growing importance in developing the economy.

Britain is supporting economic development in St Lucia through its aid programme, and in the six years from 1971 to 1976 provided aid totalling over £14·5 million. Of the total, nearly £3 million was provided in 1976; this comprised £2·4 million in financial aid and £535,757 in technical cooperation for the provision of expertise not available locally and for the training of local personnel. British aid funds have contributed to a wide range of projects including road, harbour and airport improvements, and the construction of educational facilities including a technical teacher training college to serve the whole Eastern Caribbean. Grants have also been made to assist the island's banana industry. Support for efforts to diversify the economy include the introduction of new breeds of livestock, forestry development and two plant propagation centres. British aid to St Lucia is also channelled through the Commonwealth Development Corporation (see pp 224-6) which has provided investment finance for housing and mortgage finance, tourism and the provision of electricity services.

St Lucia, along with the other Caribbean territories of Antigua, Grenada, St Kitts-Nevis, Dominica, Anguilla and St Vincent,[1] became an Associated State under the provisions of the West Indies Act 1967, and since 1967 has had full responsibility for its internal affairs. The responsibility of the British Government has been confined to external affairs and defence, although, in practice, authority has been delegated to the Associated States to act for themselves in those areas of external affairs in which they have the greatest interest.

The present constitution, which came into effect with association, provides for a Governor who is appointed by the Queen on the advice of the Premier, and a single House of Assembly consisting of a Speaker, 17 members elected by universal adult suffrage and three nominated by the Governor, two in accordance with the advice of the Premier and one in accordance with the Governor's own judgment after consulting the Premier and such other persons as the Governor considers should be consulted. The Cabinet consists of a Premier and other ministers, five at present.

For further information see COI fact sheet *St Lucia*, FS16/77.

[1]St Vincent did not become an Associated State until 1969.

Finance Act 1978

Changes in the basic rate of income tax, in certain sex discriminatory features of Pay-As-You-Earn tax and the minor personal allowances, and an extension of the period before development land tax comes fully into effect were among the most important changes incorporated into the Finance Bill, which followed the April Budget (see p 159), during its passage through Parliament. The Bill received the Royal Assent in July, becoming the Finance Act 1978 (see p 276).

Income Tax

Tax Rate

The basic rate tax for 1978-79 is 33 per cent (reduced from 34 per cent, see p 214), and the higher rates become chargeable on taxable income in excess of £8,000 (instead of £7,000, the level originally proposed in the Budget statement), with a maximum rate of 83 per cent reached at a level of over £24,000 (originally proposed at £23,000) of taxable income.

Allowances

Several changes have been made to extend the rights of married women to receive their own repayments of Pay-As-You-Earn tax (formerly sent to their husbands) and to remove certain sex discriminatory features of the minor personal allowances. The housekeeper allowance used to be given to a widower or widow who had a female relative, or some other female person, resident with him or her in the capacity of housekeeper. This has been amended so that claims are valid regardless of the sex of the housekeeper. Similarly, the daughter's services allowance has been extended to cover a son's services and the 'child-minder' housekeeper allowance has been amended so that a claimant can qualify if any relative, male or female, is maintained to look after the child (previously only female relatives qualified).

Development Land Tax

Under the Development Land Tax Act 1976, the first £10,000 of development value realised in a financial year (ending 31 March) is exempt from the tax. The next £150,000 in any year up to and including that ending on 31 March 1979 is charged at a lower rate of 66⅔ per cent; the rate for any amount over £160,000 is 80 per cent. The Government has decided that the reduced rate of 66⅔ per cent should operate for a further year and accordingly it will apply, where appropriate, to disposals taking place on or before 31 March 1980.

Banking and Credit Unions Bills

The text of two draft Bills containing legislative proposals, one for the prior authorisation and supervision of institutions which take deposits from the public and the other for the regulation of credit unions, were published in a White Paper on 25 July.[1] The Banking Bill will implement for Britain the provisions of the European Community directive on credit institutions which deals with the coordination of banking regulations. These require that a prior authorisation system for credit institutions shall be set up by December 1979.

THE BANKING BILL

Background

The draft Banking Bill is intended to give effect to the policy set out in the White Paper, *The Licensing and Supervision of Deposit-Taking Institutions* (see p 356, 1976), which described the Government's proposals for legislation for the prior authorisation and supervision of institutions which take deposits from the public. The 1976 White Paper explained that while some of these institutions, such as building societies and trustee savings banks, were subject to a system of statutory supervision, and while the primary banking sector was supervised on a non-statutory basis by the Bank of England, there remained a number of institutions subject to no supervision. The White Paper intended that the proposed legislation would be directed to closing the gap in order to provide greater protection for depositors and to assure the health of the financial system generally.

In its introduction to the White Paper on the

[1] *Banking and Credit Unions Bills.* Cmnd 7303. HMSO, £1·75. ISBN 0 10 173030 6.

Banking and Credit Unions Bills the Government says that in recent years the supervisory system of the Bank of England has been considerably enlarged and strengthened but that it remained desirable that the Bank should be given statutory backing in order to ensure that it should be fully effective across the whole range of deposit-taking institutions.

The Government had held consultations on various aspects of the proposals in the 1976 White Paper with a number of interests involved and it took the view that publication of the draft Bill would be helpful to allow for further consultations.

Provisions

The Bill provides that it will be an offence for institutions to take deposits unless they have a licence to do so from the Bank of England or have been recognised as a bank by the Bank of England. The criteria for recognition as a bank, or for being licensed as a deposit-taking institution, are set out in schedule 2 to the Bill. They include: that the institution enjoys a high reputation and standing in the financial community; that it provides, or will provide, either a wide range of banking services or a highly specialised banking service, any question as to whether the institution is to be regarded for the purposes of the schedule as providing either type of service to be determined by the Bank of England; that the business of the institution is, or will be, carried on with integrity and prudence and with those professional skills consistent with the range and skill of its activities; that the institution will, at the time recognition is granted to it, have net assets which amount to not less than £5 million, if it is an institution which will provide a wide range of banking services, and £250,000 if it will provide a highly specialised banking service; and lastly that the institution maintains, or will maintain net assets of such an amount as are commensurate with the scale of its operations. There will be a number of exemptions from the prohibition on deposit-taking, listed in schedule 1 to the Bill, such as the central bank of each member state other than Britain, the National Savings Bank, the Post Office, trustee savings banks, municipal banks, building societies, friendly societies, local authorities, water authorities or credit unions.

The basic definitions in the Bill are drawn in such a way as to exclude from the scope of the prohibition such transactions as advance or part payments in respect of goods and services, borrowing from recognised banks and licensed institutions themselves, transactions within a group of companies and issues of debentures and similar securities by ordinary trading companies.

The supervision exercised for a long time by the Bank of England on a non-statutory basis over the primary banking sector and the recent formal extension of this supervision to a number of other deposit-taking institutions will be given a statutory basis by the Bill, which will extend it further, with only a few exceptions to all institutions which take deposits from the public. The main exception will be the building societies which are already subject to regulatory procedures by the Registry of Friendly Societies and with which further discussions are in progress about the legislation which will be needed to bring them within the ambit of the European Community directive on credit institutions.

The Bill sets out the reasons for and ways in which recognitions or licences can be revoked or made the subject of conditions. The Bank will set out in its annual report on its activities under this legislation the principles on which it acts in interpreting and applying the criteria. There will be a right of appeal from the Bank's decisions to the Chancellor of the Exchequer and, on points of law, to the courts. The Bank will be given a number of statutory powers, more particularly in relation to licensed deposit-taking institutions. In addition, the confidentiality of information obtained for the purposes of the legislation will be tightly protected.

The Bill will provide, as a general rule, that only recognised banks may use banking names or otherwise describe themselves as banks or bankers. It will not, however, prevent licensed deposit-taking institutions from using such terms where this is necessary for the purposes of other statutes, for example, the right to claim the protection of the Cheques Act 1957. There are also provisions aimed at the control of misleading advertising.

The other main purpose of the Bill is to set up a Deposit Protection Fund, managed by a Deposit Protection Board, to which both recognised banks and licensed deposit-taking institutions will contribute a total of not less than £5 million and not more than £6 million. It is proposed that if a contributory institution were to fail then a depositor would receive compensation from the Deposit Protection Fund to the extent of 75 per cent of his 'protected' deposit. The latter would be the first £10,000 of sums, for example, current and deposit accounts, which the depositor had placed with that institution. The Bill limits compensation to 75 per cent of a protected deposit in order that there should still be an incentive to prudence on the part of the depositor before deciding with which institution to place his funds.

THE CREDIT UNIONS BILL

Credit unions are groups of people who agree to pool their savings to create a source of credit for each other at favourable rates of interest. In its introduction, the White Paper says that the Bill follows very closely the provisions of the existing Northern Ireland legislation on the subject of credit unions, under the Industrial and Provident Societies Act (Northern Ireland) 1969. It complements the Banking Bill by providing a suitable framework for the supervision and operation of credit unions, which are specifically exempted from the European Community directive on credit institutions.

The Bill requires that members of a credit union should have a 'common bond', such as working in the same factory. It allows credit unions to register under the Industrial and Provident Societies Act 1965, in accordance with special provisions appropriate to their particular mode of operation. In common with other industrial and provident societies, they will be subjected to supervision, in the interests of their members, by the Chief Registrar of Friendly Societies.

Nationalised Energy Industries: Annual Reports

The nationalised energy industries continued to operate profitably in 1977-78, notably the British Gas Corporation which recorded its highest level of profits and was able to generate all its capital requirements internally.

BRITISH GAS CORPORATION

The British Gas Corporation achieved a record level of profits in 1977-78 and sales of gas reached a new peak of 15,172 million therms,[1] 9·6 per cent higher than in the previous year, according to its annual report, published on 18 July.[2] Pre-tax profits totalled £180·3 million, representing a rate of return of 7 per cent on a turnover of £2,568·1 million, compared with profits of £31·6 million and a return of 1·6 per cent in 1976-77. Gas sales amounted to £2,217·6 million and the other main contributions to turnover came from sales of appliances (£145·2 million) and installation and contracting work (£125·8 million). For the second successive year the Corporation was fully self-financing, while significant sums were allocated to its reserves and further early repayments of past government advances were made.

With the first deliveries of gas from the Frigg field in the autumn of 1977 (see p 229), gas supplies increased and the Corporation's planned expansion of gas in the industrial, commercial and domestic markets in 1977-78 was achieved in accordance with its strategy of directing sales to premium applications consistent with the need to ensure the most effective use of the nation's indigenous fuel resources. Sales of gas in the domestic market were 6,964 million therms, to industry 6,460 million therms and in the commercial sector 1,748 million therms, 12·6, 5·8 and 13 per cent higher respectively than in 1976-77.

Capital investment in 1977-78 totalled £201 million. In the autumn of 1977 the ten-year programme to convert appliances to use natural gas was completed; it had involved visits to some 13·5 million premises and the conversion of about 35 million appliances. The programme was carried out within the original budget, allowing for inflation, and the total cost of conversion was £1,027 million, including £450 million for the written-down value of gas-making plant which was prematurely made obsolete. Investment in the next five years is expected to be around £1,600 million at September 1977 prices, of which some two-thirds will be required for transmission, distribution and storage associated with the growth expected in gas sales, and about one-fifth for offshore development by the Corporation's exploration subsidiaries.

NATIONAL COAL BOARD

In the year 27 March 1977 to 25 March 1978 the National Coal Board (NCB) operated profitably and further progress was made in the long-term investment programme for the industry's reconstruction, according to the Board's annual report and accounts, published on 25 July.[1] The NCB's total income, including grants under the Coal Industry Acts, amounted to £2,904·1 million, of which sales of coal accounted for £2,333·5 million and sales of coke for £129·9 million. Its trading profit was £108·7 million, compared with £109·8 million in the previous year, and a net surplus of £20·4 million was recorded. Coal output was 119 million tons[2] in 1977-78 comprising 104·5 million tons from deep mines; 13·3 million tons from opencast sites, nearly 20 per cent more than in 1976-77; and 1·2 million tons of tip coal and output from licensed mines. Deep-mined output fell, but there was a strong recovery in output and productivity in the last quarter of the financial year following the gradual introduction from January 1978 of local incentive schemes. Sales of coal were 118·1 million tons, of which sales to power stations accounted for a record 75·7 million tons. Capital expenditure on mining rose from £266 million in 1976-77 to £334 million in 1977-78, of which £130 million represented expenditure on major projects costing over £500,000. By the end of the year 38 of the 128 major schemes approved under the 'Plan for Coal' investment programme (see pp 125-6, 1977) had been completed. Exploration for new coal reserves continued at a high level; in the four years since the start of the exploration programme, additional reserves of 2,000 million tons have been confirmed at existing mines and potential new mining sites. At the end of March 1978 the number of employees on the NCB's colliery books was 239,295, some 2,800 less than a year earlier.

ELECTRICITY

In 1977-78 the electricity industry in England and Wales, comprising the Electricity Council, the Central Electricity Generating Board (CEGB) and the 12 area electricity boards, achieved an operating profit of £570·7 million, representing a return of 9 per cent on average net assets, according to the Electricity Council's annual report, published on 27 July.[3] The industry's income rose by £636 million to £4,779 million, but the net profit, after interest payments, was £132·8 million, £73·7 million less than in the previous year.

Electricity generated by the CEGB's power stations (137 with a total declared net capability of 56,326 megawatts in March 1978) amounted to 211,914 gigawatt-hours (GWh) in 1977-78, 1·6 per cent more than in 1976-77, of which con-

[1] 1 therm = 105,506 kilojoules.

[2] *British Gas Corporation. Annual Report and Accounts 1977-78.* BGC. HMSO, £1·50. ISBN 0 903545 25 X.

[1] *National Coal Board. Report and Accounts 1977-78.* NCB, Hobart House, Grosvenor Place, London SW1X 7AE. £1. ISBN 0 906394 00 7. For operating statistics see *National Coal Board Statistical Tables 1977-78.* Available from the NCB. ISBN 0 906394 01 5.

[2] 1 ton = 1·016 tonnes.

[3] *The Electricity Council. Annual Report 1977-78.* Available free from the Electricity Council, 30 Millbank, London SW1P 4RD. ISBN 0 85188 071 1. The full consolidated accounts for the industry in England and Wales, together with detailed statistics, are published in *The Electricity Council. Statement of Accounts and Statistics 1977-78.* The Electricity Council. HMSO, £1·80. ISBN 0 85188 072 X. See also *Central Electricity Generating Board. Annual Report and Accounts 1977-78.* Available from the Press and Publicity Office, CEGB, Sudbury House, 15 Newgate Street, London EC1A 7AU. £2. ISBN 0 902543 55 5. Detailed statistics are given in *CEGB Statistical Yearbook 1977-78.* Available from the CEGB. ISBN 0 902543 56 3.

ventional power stations using coal, gas or oil were responsible for supplying 87 per cent and nuclear power stations 13 per cent. Sales of electricity followed a similar pattern to that of the level of Britain's economic activity, with some growth in the first half of the year and a decline in the second half. Total sales in England and Wales were 196,495 GWh, 2·4 per cent higher than in the previous year, with the commercial sector, where sales rose by 5·8 per cent to 34,155 GWh, being the fastest-growing main sector. Industry took 79,489 GWh and domestic customers 73,017 GWh in 1977-78, 1·5 and 1·7 per cent more respectively than in 1976-77. Productivity continued to improve and, although sales were at a record level, the number of employees in the industry fell by 1·3 per cent to 158,723 at 31 March 1978.

Both the South of Scotland Electricity Board (SSEB) and the North of Scotland Hydro-Electric Board (NSHEB) also recorded slightly lower profitability, according to their reports and accounts.[1] In 1977-78 the income of the SSEB and the NSHEB was £408 million and £146 million respectively and their net profits were £5·6 million and £1·8 million.

Aerospace Industry

The Government has reached decisions on British Aerospace's relationship with the European consortium, Airbus Industrie, and on the development of the Rolls-Royce RB 211-535 engine.

BRITISH AEROSPACE AND AIRBUS INDUSTRIE

Speaking at a press conference on 31 August, the Secretary of State for Industry, Mr Eric Varley, said that the Government had decided to endorse an agreement negotiated by British Aerospace (BAe) with Aerospatiale of France and Deutsche Airbus of the Federal Republic of Germany, to become a full partner in the consortium, Airbus Industrie, from 1 January 1979. The Government hoped for a similar approval by the French and Federal German Governments; some questions raised by them had still to be resolved and were being pursued urgently. If the agreement is accepted by these Governments, BAe will take a 20 per cent share in Airbus Industrie and will play a full part in the development and manufacture of the A310 derivative (formerly known as the B10) of the A300B Airbus. BAe is already associated with Airbus Industrie in the production of the A300B, having responsibility for building the wings and an overall design consultancy role in the project (see pp 115-16, 1970, p 194, 1977 and p 172).

Concerning the prospect for an order from British Airways for the A310, Mr Varley said that, in the course of an analysis of its future requirements, British Airways had had close contact with Airbus Industrie and had given particular attention to the aircraft, considering, on the basis of existing comparisons, that any requirement for wide-bodied aircraft of medium size and range could most satisfactorily be met by the A310. The Government had welcomed the airline's intention to continue its close contact with Airbus Industrie in order to study the application to its fleet of the A310 in a Rolls-Royce-engined version, but accepted British Airways' conclusion that its immediate requirement would be met by the acquisition of narrow-bodied aircraft of medium size and range [such as the Boeing 757s that British Airways proposes to order (see below)].

ROLLS-ROYCE RB 211-535 ENGINE

Mr Varley also said that the Government had approved the recommendation of the National Enterprise Board (NEB) that Rolls-Royce should launch its RB 211-535 engine. This was a new, quiet, modern technology engine which would be in production for the next 25 years and would strengthen significantly the successful RB 211 family of engines with its high earnings of foreign exchange and substantial role in Rolls-Royce's activities. Employment on the new engine should build up over the next few years to up 5,000 jobs in Rolls-Royce and at least that number at suppliers.

Mr Varley went on to point out that the NEB's recommendation was subject to the conditions that firm commitments for the engine were received from two major airlines, and that satisfactory terms were negotiated with the airframe manufacturers. These conditions had been met by British Airways' proposal to order 19 Boeing 757s (see p 330) powered by the engine – a proposal to which the Secretary of State for Trade had given his approval – and the decision by the United States airline, Eastern Airlines, to order a similar number of RB 211-535-powered 757s. The Government was confident that the 535 would prove to be a very successful engine, suitable for powering many of the next generation of civil airliners currently being developed.

Civil Aviation

Higher profitability was achieved by the British Airports Authority (BAA) in 1977-78, while British Airways recorded relatively satisfactory profits, despite a fall in passenger traffic. The Secretary of State for Trade has

[1] *South of Scotland Electricity Board. Report and Accounts 1977-78.* Available from the SSEB, Cathcart House, Glasgow G44 4BE. *North of Scotland Hydro-Electric Board. Report and Accounts 1977-78.* Available from the NSHEB, 16 Rothesay Terrace, Edinburgh EH3 7SE.

announced his decision to establish advisory and consultative bodies to be concerned with future airports policy.

BRITISH AIRWAYS

Turnover of the British Airways group rose by £107·4 million to £1,355·3 million in 1977-78, but the operating profit fell from £107·2 million in 1976-77 to £64·7 million in 1977-78, according to its report and accounts, published on 27 July.[1] After interest payments, taxation and other items, the net profit was £32·5 million, compared with £34·9 million in the previous year. The operating profit represented a return on average net assets of 8·4 per cent, as against 16·2 per cent in 1976-77. However, the report says that the target rate of return of 11 per cent for the four years 1975-76 to 1978-79, set by the Secretary of State for Trade, will be met if a rate of return of 15 per cent is recorded in the current financial year and this is shown as achievable by British Airways' budget.

The report notes that although the overall profit in 1977-78 was relatively satisfactory, a favourable tax adjustment of £14·5 million and good results from the subsidiary companies 'tended to obscure the much less acceptable performance of the airline operations'. British Airways, like other airlines, was adversely affected by various industrial disputes, both in Britain and overseas. The number of passengers carried on scheduled services fell by 8 per cent to 13·4 million in 1977-78, the decline being concentrated on domestic flights where the number fell by more than one-fifth to 3·6 million, whereas international passengers fell by only 2 per cent to 9·8 million. Freight and mail carried rose by 14 and 5 per cent respectively to 192,000 and 34,900 tonnes. Among the new services started by British Airways were the daily London-New York Concorde service (see p 466, 1977), which quickly fulfilled the airline's expectations and has now been increased in frequency, and a 'shuttle' service (providing a guaranteed seat with no advance bookings) from London to Belfast.

Capital expenditure on fixed assets amounted to £206·7 million in 1977-78. The airline's re-equipment plan, involving a continuation of its policy of fleet rationalisation, includes the development of its fleet of Boeing 747s and Lockheed TriStar 500s, both with Rolls-Royce engines, for the dense and less dense long-haul routes respectively; the use of its Lockheed TriStar 1s on dense short-haul routes; and the replacement of other older aircraft with two types – a 100-130-seat aircraft and a 160-200-seat aircraft. The Secretary of State for Trade has recently given approval for British Airways to buy 19 Boeing 757s (see p 329) and 19 Boeing 737s, and to enter negotiations to buy between three and six BAC One-Elevens.

BRITISH AIRPORTS AUTHORITY

The trading profit of the British Airports Authority rose by 42 per cent in 1977-78 to £29·5 million, while its income increased by 21 per cent to £125·1 million, according to the BAA's annual report and accounts, published on 18 July.[1] Profits of £33·7 million were recorded on commercial operations (trading concessions, rents and services), but a trading loss of £4·2 million occurred on traffic operations. The report notes that the 'pre-tax profit of £24·3 million and a return on average net assets of 8·7 per cent represent a creditable improvement' on the previous year's position; in addition, the Authority was completely self-financing. After interest payments and taxation, a profit of £5·4 million remained.

According to the report, the BAA's performance was severely affected by industrial disputes concerning airlines and air traffic control, and this was reflected in the relatively low rate of growth of passenger traffic through the Authority's airports. In 1977-78 the BAA's seven airports handled a total of 35·6 million passengers, 1·9 per cent more than in the previous year. Passengers on international scheduled services increased by 6·1 per cent to 22 million and on international charter flights by 1·8 per cent to 6·3 million, but the number of passengers on internal flights fell by 9·5 per cent to 6·5 million and passengers in transit declined by 3·3 per cent to 754,000. Gatwick and Aberdeen both handled 15 per cent more passengers than in 1976-77, handling 6·8 million and 1 million terminal and transit passengers respectively, but the other five airports registered a decline in passenger traffic; Heathrow dealt with 24 million passengers, Glasgow 1·8 million, Edinburgh 1 million, Prestwick 605,000 and Stansted 296,000. Cargo traffic rose by 8·6 per cent to 616,000 tonnes, of which 445,000 tonnes were handled at Heathrow.

ADVISORY COMMITTEE ON AIRPORTS POLICY

The Secretary of State for Trade, Mr Edmund Dell, announced in the House of Commons on 3 August (*Hansard*, written answers, cols 575-6) the establishment of advisory and consultative bodies to develop future airports policy. Mr Dell said that the White Paper on Airports Policy (see pp 70-2) had emphasised the Government's intention to continue to develop future airports policy in consultation with those concerned. Accordingly, after discussions with interested bodies, he had decided to set up an Advisory Committee on Airports Policy and a study group on South East airports. These bodies would include representatives of government departments, the Civil Aviation Authority, the British Airports Authority, the airlines, local authority interests, the Trades Union Congress, the Air Transport Users Committee and the Noise Advisory Council, and would therefore reflect the principal interests connected with airport development. The Government's intention was that the work of the two groups should form the basis for consultations with a wide range of interests in order that the views of all those concerned with, or affected by, proposed airport developments might be taken into account before decisions were reached.

[1] *British Airways Annual Report and Accounts 1977-78*. British Airways. HMSO, £1·25. ISBN 0 900031 11 5.

[1] *British Airports Authority Annual Report and Accounts 1977-78*. Available free from the BAA, 2 Buckingham Gate, London SW1E 6JL. ISBN 0 903460 15 7.

Research and Development Requirements and Programmes

A wide range of research and development (R & D) projects funded by the Department of Industry were reviewed in its annual report[1] on research and development published on 3 August.

The report covers work supported through the R & D Requirements Boards (see p 355, 1977) and other R & D programmes that are funded directly, such as space and civil aviation technology. The Department's total expenditure on R & D in 1977-78 was £125 million (£0·8 million more than in 1976-77), with industry the major recipient at £49 million. Expenditure in 1978-79 is expected to increase to £137 million, with industry receiving £59 million. Spending ranged from £1·2 million handled by the Garment and Allied Industries Requirements Board to £35 million devoted to space technology, mainly in co-operative ventures through the European Space Agency.

The Boards have become more involved with the Government's industrial strategy through working with the sector working parties (SWPs, see p 59), to ensure that work which they sponsor is in keeping with needs identified by the SWPs. They are increasingly encouraging industry to undertake R & D projects on a joint funding basis, thus ensuring minimum delay before results are incorporated into products and processes. Considerable attention is also given to the wider use of existing technology through information and technology transfer programmes.

Activities and Programmes

Environmental matters play a part in many of the Boards' activities. The Ship and Marine Technology Requirements Board supports work at the Department of Industry's Warren Spring Laboratory for pollution control at sea. The Chemicals and Minerals Requirements Board's new programmes show concern for the environment as well as for resource conservation through waste disposal, reclamation and energy-saving projects: these include tyre pyrolysis, reclamation and recycling of drink cans and development of catalysts to control gaseous pollutants. The catalysts programme also has important implications for process chemistry.

The Electrical Technology Requirements Board is supporting the development of linear motors, very large low-speed DC motors, and the use of semiconductor devices to control power equipment – all with significant potential for industrial applications. A new high-fault current limiter device which uses existing super-conducting technology has also been developed. The Engineering Materials Requirements Board is supporting programmes which lead to conservation of materials and energy, provide substitutes for materials in decreasing supply or make greater use of indigenous materials.

Participation in the European Space Agency's application programmes is helping British industry to build and maintain technological competence in satellite engineering, as the demand for communications facilities grows.

[1] *Research and Development Requirements and Programmes Report 1977-78.* Available free from the Technology Library, Department of Industry, Abell House, John Islip Street, London SW1P 4LN.

Shorter Notes

EXPORT PERFORMANCE

A report by the Department of Trade[1] compares aspects of British export performance with that of four other industrial countries – France, the Federal Republic of Germany, Japan and the United States. The main findings are summarised below.

Exports are more important to Britain than to these other countries. In 1976 exports of goods and services accounted for 29 per cent of national income in Britain compared with 26 per cent in the Federal Republic of Germany, 20 per cent in France, 14 per cent in Japan and only 9 per cent in the United States.

Exports of goods in relation to total exports are less important in Britain than elsewhere. In 1976 goods accounted for 70 per cent of total British exports, compared with corresponding figures of 80 per cent for France and the United States and some 85 per cent for the Federal Republic of Germany and Japan. Conversely, exports of services as a proportion of total exports were highest for Britain.

Since 1968 Britain has usually run a deficit on visible trade. The Federal Republic of Germany and Japan have had persistent surpluses while France had a small surplus until the rise in the price of oil in 1973. The record of the United States has been erratic.

Britain usually runs a surplus on invisible transactions while the Federal Republic of Germany, Japan and, to a lesser degree, France tend to have substantial deficits.

British exports of manufactures have grown slowly, increasing in volume by 5 per cent per year between 1960 and 1976 compared with much higher rates for competing countries. The British share in the value of manufactured exports of the main manufacturing countries fell over this period from 16 per cent to 9 per cent. Over the last four or five years, however, the volume of British exports has risen in line with that of the other countries. Regarding the earlier decline, the report suggests that the favourable impact of devaluations may have been offset by a comparatively high rate of inflation and a slower than average increase in productivity. There may also have been some scope for improvement in non-price aspects of competitiveness, such as delivery. However, no statistical link could be found between weak export performance and poor industrial relations.

Sectors in which, since 1970, exports have risen more rapidly than imports include chemicals, coal and petroleum products. Performance sometimes

[1] *Trade and Industry*, 1.9.78

varied within a sector; for example, within mechanical engineering, construction equipment performed much better than industrial engines and agricultural machinery.

Since 1950 fundamental changes have occurred in the geographical distribution of British exports, especially regarding the Western European and Commonwealth markets. Between 1950 and 1977 the proportion of exports going to Western Europe increased from 31 per cent to 53 per cent; fellow members of the European Community absorbed 36 per cent of British exports in 1977. Over the same period the Commonwealth share fell from 38 per cent to 14 per cent. Between 1974 and 1977 alone the oil-exporting countries increased their share from 6 per cent to 13 per cent.

COMPANY LAW REFORM

A White Paper[1] published on 20 July contains a draft Bill to give effect to the proposals put forward in the White Paper, *The Conduct of Company Directors* (see pp 19-20); to the second European Economic Community (EEC) directive on company law (see p 324, 1977); and to some miscellaneous measures decided on by the Government. The White Paper says that it has not proved possible to find parliamentary time for legislation on these matters in the current session. The Government has therefore decided, in view of the complex technical nature of some of the provisions, to publish the draft clauses to provide a longer period for public consideration and consultation than the timetable normally permits. Parts IV, V and VI of the draft Bill deal with the important reforms in company law proposed in *The Conduct of Company Directors*, relating to directors' duties towards their companies and employees, conflicts of interest, insider dealing and loans made by companies to directors, as well as with the rights of minority shareholders. As proposals for implementing the EEC directive, parts I, II and III contain provisions concerning the formation of public companies and arrangements regarding their capital. The main features include a new definition of public companies, which are to be designated 'Public Limited Company' (or a Welsh equivalent) or 'PLC' in place of 'Limited' or 'Ltd'; and a revision of the rules governing the distribution of profits in the form of dividends. Some provisions have also been extended to private companies. Part VI deals additionally with measures to make the Registry of Business Names financially self-supporting, and revision of the penalties and modes of trial for offences under the Companies Acts. Explanatory notes on each draft clause are also provided in the White Paper. Comments or inquiries are to be addressed to the Department of Trade, Room 510, Sanctuary Buildings, 16-20 Great Smith Street, London SW1P 3DB.

CHRYSLER UNITED KINGDOM

The Secretary of State for Industry, Mr Eric Varley, is considering the implications of a joint announcement on 10 August by the French PSA Peugeot-Citroën and the United States Chrysler Corporation that they have agreed to combine their principal European operations, with a view to Peugeot-Citroën assuming ownership of all Chrysler manufacturing and distributing operations in Europe.

Chrysler United Kingdom would be among the major concerns to be combined, together with Chrysler France and Chrysler España. The Chrysler UK agreement is subject to approval by the Government, which has already instituted discussions with Peugeot-Citroën in the light of that company's expressed intention to assume, in a form appropriate to the new circumstances, all the obligations of the agreement between the Government and the Chrysler group (see p 23, 1975) and the associated declaration of intent by Chrysler relating to the strengthening of the long-term future of Chrysler UK. In particular, Mr Varley will be examining the possible advantages and disadvantages for the security and prosperity of Chrysler UK plants in Scotland and England as well as for the British motor industry and economy generally.

IRISH SEA HERRING FISHERY

In the interest of conservation of stocks, the Government has decided to regulate fishing for herring within British fishery limits[1] in the Irish Sea during the main 1978 season. The European Community Commission's approval has been sought, in accordance with the agreed procedures, to arrangements for regulating fishing by means of a national licensing scheme and for closure of the fishery no later than 24 September.

The International Council for the Exploration of Sea Advisory Committee on Fisheries Management recommended in May that the total allowable catch for the fishery should be reduced from their previous estimate of 12,500 tonnes to 9,000 tonnes. The Government drew the attention of the Community's Council of Ministers during the meeting on 24 and 25 July to the need to take urgent action to comply with this scientific advice (see p 284). In the absence of Community action, the United Kingdom and Isle of Man Governments, which jointly administer the fishery, have agreed on conservation measures aimed at limiting the catch in accordance with scientific advice.

Traditionally, United Kingdom and Isle of Man fishermen have taken about 90 per cent of the catch in this fishery. Accordingly, licences will be issued to permit United Kingdom and Isle of Man vessels to take a total of not more than 8,100 tonnes in the current season.

In announcing these arrangements on 17 August, the Ministry of Agriculture, Fisheries and Food stated: '[The British Government] looks to the Governments of the other [Community] countries whose vessels have participated in this fishery in recent years to ensure that their traditional share is not exceeded. As a further protective measure, however, [the Government] intends to close the fishery no later than 24 September and not re-open it before the end of the year.'

[1] *Changes in Company Law*. Cmnd 7291. HMSO, £2·35. ISBN 0 10 172910 3.

[1] In accordance with the Fishery Limits Act 1976, British fishery limits apply to waters adjacent to the coastlines of the United Kingdom, the Channel Islands and the Isle of Man. The limits extend to 200 miles from these coastlines or, where the distance between these and other countries' coastlines is less than 400 miles, to the median line (that is, half-way between the coastlines).

DOCUMENTATION

Government and Administration

First Report from the [House of Commons] Select Committee on Procedure, Session 1977-78: Vol I, Report. Examines the committee system of the House of Commons and the processes of passing legislation, with proposals for reform. HMSO, £3·25. ISBN 0 10 297878 6.

Relations between the United Kingdom Parliament and the European Parliament after Direct Elections. House of Lords Select Committee on the European Communities. HMSO, 80p. ISBN 0 10 475778 7.

Draft Regulations for the Conduct of European Assembly Elections in Great Britain. Proposals for the conduct of elections to the European Assembly, on which the Government invites comments. Cmnd 7323. HMSO, 90p. ISBN 0 10 173230 9.

Protection of the Individual against Maladministration. COI, FSB/B12.

Review of the Operation of the Prevention of Terrorism (Temporary Provisions) Acts 1974 and 1976 by the Rt Hon Lord Shackleton, KG, OBE (see p 323). Cmnd 7324. HMSO, £1·75. ISBN 0 10 173240 6.

Report of Her Majesty's Chief Inspector of Fire Services 1977. Cmnd 7311. HMSO, £1·50. ISBN 0 10 173110 8.

Statistics of Persons acquiring Citizenship of the United Kingdom and Colonies 1977. In 1977 citizenship was acquired by 23,912 persons in the United Kingdom compared with 31,263 in 1976. Cmnd 7310. HMSO, 40p. ISBN 0 10 173100 0.

Report of the St Lucia Constitutional Conference (see p 324). Cmnd 7328. HMSO, 50p. ISBN 0 10 173280 5.

The Falkland Islands and Dependencies. COI, FS/13.

Tuvalu. COI, Factel No 682.

External Affairs and Defence

House of Lords Report of the Select Committee on the Foreign Boycotts Bill. HMSO: Volume I, Report, £1·40. ISBN 0 10 475878 3. Volume II, Minutes of Evidence, £4·60. ISBN 0 10 475978 X.

Convention between . . . the United Kingdom . . . and Romania regarding Legal Proceedings in Civil and Commercial Matters (see pp 256-7). Cmnd 7319. HMSO, 25p. ISBN 0 10 173190 6.

Agreement between the Member States of the European Coal and Steel Community . . . and Israel . . . . Cmnd 7261. HMSO, 40p. ISBN 0 10 172610 4.

Supplementary Protocol to the Agreement establishing an Association between the European Economic Community and . . . Cyprus and Protocol laying down Certain Provisions relating to Trade in Agricultural Products with Final Act. Cmnd 7315. HMSO, 40p. ISBN 0 10 173150 7.

Trade Agreement between the European Economic Community and . . . China (see p 119). Cmnd 7301. HMSO, 25p. ISBN 0 10 173010 1.

British Emergency Relief Aid to Developing Countries. COI, SN6042.

Economic and Scientific Affairs

United Kingdom Balance of Payments 1967-77. Central Statistical Office. HMSO, £3·95. ISBN 0 11 630177 5.

Taxation of the Family. The Chief Secretary to the Treasury, Mr Joel Barnett, has announced that the Government is to put work in hand on the preparation of a Green Paper on the taxation of the family. He said the Government recognised the need for the tax system to adapt to changing patterns of family life and changes in the status of women. The precise scope of the Green Paper would be subject to review in the light of developments, including the Equal Opportunities Commission's analysis of the public reactions to its discussion document on *Income Tax and Sex Discrimination,* published in December 1977. The Green Paper would, however, be primarily concerned with the income tax treatment of the family, including the personal tax allowances and the principle of aggregation of the incomes of husband and wife. The Government hopes to have the paper ready for publication within

the next twelve months. *Hansard*, 1.8.78, written answers, cols 244-5.

Changes in Parliamentary Supply Estimates. The Chief Secretary to the Treasury, Mr Joel Barnett, has announced the Government's decision to implement the proposals, which have been under discussion, to assimilate the parliamentary supply estimates and the cash limits on expenditure covered by the estimates. Under the new system the estimates, including those not cash limited, will be based, so far as possible, on a forecast of pay and prices at the time when the proposed expenditure is to take place, so that they will provide for the full intended cash cost of the services concerned during the year ahead. The structure of the estimates will also be modified so that the relevant cash limits are each conterminous with a single parliamentary vote. Expenditure not subject to cash limits will be in separate votes. It will be indicated on the estimates which votes are treated as cash limited. The effect will be that for cash limited expenditure covered by the estimates, Parliament will vote the cash limits which have hitherto been applied only by administrative decision. The changes will be introduced, so far as possible, in the main estimates for 1979-80, to be presented to Parliament early in 1979, but it is expected that some of the changes to the structure of the estimates will be left over for completion in the following year. Treasury press notice, 1.8.78.

Supplementary Special Deposits Scheme. The Bank of England announced on 17 August that, with the approval of the Chancellor of the Exchequer, it has decided to continue the operation of the supplementary special deposits scheme (see p 214) for a further period of eight months. Bank of England press notice. 17.8.78.

World Invisible Trade. August 1978. Figures for 1976, with some comparison of trends since 1969. Committee on Invisible Exports, 7th Floor, The Stock Exchange, London EC2N 1HH. £3.

Changes in Company Law. A White Paper setting out a draft Bill (see p 332). Cmnd 7291. HMSO, £2·35. ISBN 0 10 172910 3.

Herring Industry Board. Forty-third Annual Report and Accounts for the year ended December 31, 1977. HMSO, 50p. ISBN 0 903959 06 2.

White Fish Authority. Twenty-seventh Annual Report and Accounts for the year ended March 31, 1978. HMSO, 75p. ISBN 0 903941 08 2.

Reports and Accounts of the Energy Industries. Seventh Report from the Select Committee on Nationalised Industries, Session 1977-78. HMSO, £3·50. ISBN 0 10 258378 1.

The Economic Impact of North Sea Oil on Scotland. Final report to the Scottish Economic Planning Department on a study conducted within the Department of Political Economy, the University of Aberdeen, 1973-77. HMSO, Edinburgh, £5. ISBN 0 11 491546 6.

Reports and Accounts of the Transport Industries. Sixth Report from the Select Committee on Nationalised Industries, Session 1977-78. HMSO, £3·75. ISBN 0 10 258278 5.

Railways. COI, FSB/E9.

Transfer of Air Services from Heathrow to Gatwick. The Government has decided that from 1 April 1979 all air services between Heathrow and the Iberian Peninsula (Spain, Portugal, and their associated islands and Gibraltar) will be transferred to Gatwick. This is in line with the Government's policy of redistributing traffic between the two airports (see p 207, 1977, and pp 70-2). The Government's decision has been conveyed to the Governments and airlines concerned, following consultations with those Governments and with British Airways. Department of Trade press notice, 23.8.78.

Annual Digest of Port Statistics 1977: Volume I. National Ports Council, Commonwealth House, 1-19 New Oxford Street, London WC1A 1DZ, £10. ISBN 0 86073 016 6.

Revised Text of the Protocol to the European Agreement on the Exchanges of Blood-Grouping Reagents (with Annexe) adopted by the Committee of Ministers of the Council of Europe on 1 October 1977. Cmnd 7304. HMSO, 40p. ISBN 0 10 173040 3.

Revised Text of the Protocol to the European Agreement on the Exchange of Therapeutic Substances of Human Origin (with Annexes) adopted by the Committee of Ministers of the Council of Europe on 1 October 1977. Cmnd 7305. HMSO 70p. ISBN 0 10 173050 0.

Social and Cultural Affairs

The Government and the Voluntary Sector: A Consultative Document. Published by the Home Office, this document has been produced in response to the report of the Wolfenden Committee, *The Future of Voluntary Organisations.* In it, the Government welcomes the opportunity provided by the report for a mutual review of the existing relationships between voluntary agencies and the statutory social services and seeks views on how this relationship should be developed. Available free of charge from the Voluntary Services Unit, Home Office, Royston Road, Caxton, Cambridge CB2 8PN. ISBN 0 903727 59 5.

The Libraries' Choice. Report of the working party set up by the Library Council for England to study the public library service for the disadvantaged. The report considers the library service to hospital patients, to the housebound and handicapped, to prisoners, to ethnic minorities, to the adult literacy campaign and to deprived areas, and recommends ways in which the service to these groups could be improved. Library Information Series No 10. HMSO, £2·25. ISBN 0 11 270481 6.

Problems of Physically Handicapped Children in Wales. Report by the Welsh Council. Available from HMSO, unpriced.

Research and Development Work on Equipment for the Disabled. Report by the Secretary of State for Social Services, the Secretary of State for Scotland and the Secretary of State for Wales. HMSO, £1. ISBN 0 10 264878 6.

Five Views of Multi-Racial Britain. The texts of five public lectures given by distinguished authorities on race relations during 1978, extracts from which were broadcast in a recent BBC television series. Commission for Racial Equality, 10-12 Allington Street, London SW1E 5EH. £1. ISBN 0 902355 79 1.

Multi-Racial Britain: The Social Services' Response. Report of a Working Party of the Association of Directors of Social Services and the Commission for Racial Equality which recommends that a review of central and local provision should be undertaken in which the ethnic minorities should participate; that more staff from the minority groups should be recruited; and that services relevant to the special needs of minority groups should be developed. Commission for Racial Equality. £1. ISBN 0 902355 78 3.

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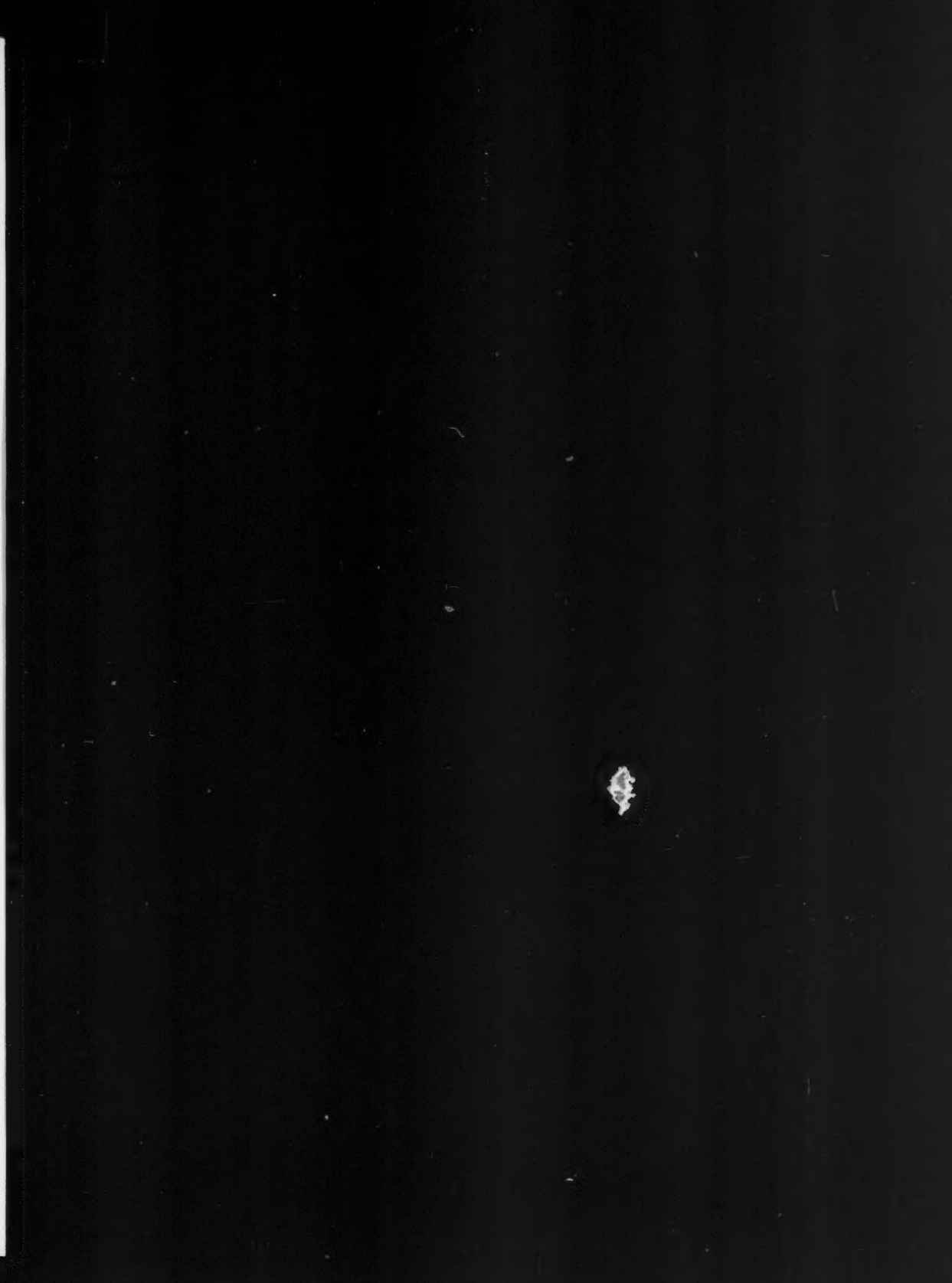
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